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Since the end of World War II, U.S. National Security Strategy has been primarily directed at containment of Soviet Communism. Because of the massive threat to national survival posed by the former Soviet Union's military, the U.S. has relied heavily on the use of the military element of national power as the final guarantor of our nation's security. With the fall of the Soviet Union, other threats, principally economic in nature, have risen as the primary risks to the long term peace and prosperity of the country. This paper details three, interrelated domestic issues: the federal deficit, Middle East oil dependance, and the environment. Each is studied as a possible threat to the national interests of the U.S. as stated in the National Security Strategy of the United States. Using these three problems as examples of the major domestic issues facing the country, observations are made as to why domestic problems have been difficult to solve in our democracy and recommendations are made as to how the national security policy-making structure of the country might be changed to better accommodate domestic economic issues as an important part of the national security strategy.

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IS THE U.S. NATIONAL SECURITY STRATEGY BALANCED? AN ASSESSMENT OF  
THE ROLE OF DOMESTIC ISSUES AS PART OF THE NATIONAL SECURITY STRATEGY

AN INDIVIDUAL STUDY PROJECT

by

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## INTRODUCTION

National power has three basic components: economic, political and military.<sup>1</sup> Since the advent of the Cold War, the United States has relied heavily upon the military and political elements of national power and neglected to care for the basic source of American power, our domestic economy.<sup>2</sup> President Dwight D. Eisenhower said:

"(to achieve) the basic objective of our national security policies: maintaining the security of the United States and the vitality of its fundamental values and institutions (without securing those institutions, would be) to destroy what we are attempting to defend."<sup>3</sup>

Eisenhower acutely understood the natural competition between domestic and foreign policy and the need to provide for the nation's defense.

With the implosion of the former Soviet Union and the concomitant demise of international communism, we are now able to reassess our current national security policy and move in a new policy direction, without the threat imposed by our former superpower competitor. We have in front of us the opportunity of the millennium to reestablish American pride, solvency and prosperity. We have only to overcome growing economic challenges from Japan, the European Community and from within our own borders. Issues such as the global environment, the domestic economy and development of the Third World are becoming the national security topics of concern.<sup>4</sup>

## PURPOSE

The purpose of this paper will be to explore the imbalance between the military and diplomatic elements of power, which are amply provided for in the current National Security Council structure and the traditional roots of American power: the domestic economy. The United States has not adequately integrated key domestic policy issues into the National Security Strategy of the United States, nor are these issues well coordinated between agencies of the federal bureaucracy.

This paper will discuss three major domestic threats to national security: the federal deficit, Middle East oil dependency, and the environment. Although these are not the only domestic problems facing policy makers, these three issues were selected because they are closely interrelated to one another and seem to be the most imminent and credible domestic threats to national security.

After reviewing the historic and recent actions of the nation's security planners in dealing with these concerns, this paper will discuss some of the difficulties in dealing with domestic issues in our democracy. It will make recommendations as to how these concerns might be addressed as part of our National Security Strategy through revisions to the National Security Council (NSC) structure.

There are several factors which make domestic vitality imperative. We are far more inextricably linked to the outside World now than we were at the beginning of World War II. Our industry depends upon foreign markets for its manufactured goods and access to raw materials. American banks and financial institutions have lent



billions to the developing nations of the World since the end of World War II.<sup>5</sup>

The rise of transnational corporations and cross border capital flow have also had a profound effect on our domestic economy. The effects of this corporate and fiscal transnationalism blur the distinctions between strictly domestic issues, foreign affairs and international trade. The flow of capital across national borders is so great that foreign investment is now a predominating feature of the global economic picture. In 1987, for example, direct foreign investment in the United States came to over \$1.5 trillion in stocks, bonds and other assets. American firms invested a fifth of their book value overseas with a total value of \$308 billion.<sup>6</sup> The effect of this tremendous cross border capital flow has been to make the distinctions between domestic and foreign commerce irrelevant.

#### DOMESTIC AFFAIRS AND UNITED STATES NATIONAL INTERESTS

National security issues must be analyzed as they relate to sustaining national interests. National security policy must achieve or maintain national interests. These interests are described in the National Security Strategy of the United States as:

A. The survival of the United States (U.S.) as a free and independent nation, with its fundamental values intact and its institutions and people secure.

B. A healthy and growing U.S. economy to ensure opportunity for individual prosperity and resources for national endeavors at home and abroad.

C. Healthy, cooperative and politically vigorous relations with allies and friendly nations.

D. A stable and secure world, where political and economic freedom, human rights and democratic institutions flourish.<sup>7</sup>

Domestic affairs are not always considered as national security issues because they are not readily identified as threats to either a survival or vital interest of the United States. A major purpose of this paper is to show that domestic affairs are security concerns which are directly related to the above-stated national interests of the U.S.

#### THE FEDERAL DEFICIT

In his book, Day of Reckoning, Benjamin M. Friedman argues that the seemingly insoluble federal deficit is a major factor in the slow recovery of the United States' economy from recession.<sup>8</sup> It is therefore a clear threat to the previously stated national security interest of "ensuring opportunity for individual prosperity."<sup>9</sup> In a larger sense, the deficit impacts on national security in several other related areas.

First, the deficit hamstrings the United States' conduct of foreign policy by forcing us into dependency upon other nations for financial support to achieve American security objectives. During Desert Storm, the American Secretary of State traveled around the World with hat in hand to acquire the funds necessary to protect the vital interests of the United States and our allies. The added taxation and/or deficit financing required for the United States to

singlehandedly finance the liberation of Kuwait could easily have been sufficient grounds for Congress to overturn the President's military plan.

The federal deficit hits national defense directly in the budget process. The Budget Enforcement Act (BEA) of 1990 requires that any new legislation or revenue decrease must not worsen the deficit. At the end of a Congressional session, a tally is run of the total dollar outlays. If a violation occurs, a targeted sequestration is invoked. Social Security (including Medicaid and Medicare), federal retirement payments and most domestic transfer programs are exempt from sequestration. This leaves only a few remaining programs to bear the brunt of the punishment for a major violation. Defense discretionary outlays seem to be easy targets for sequestration.

The Office of Management and Budget (OMB) has certified Congressional compliance with the 1991 spending caps. Actual discretionary outlays in 1992, however, are estimated by the Congressional Budget Office (CBO) to top the official caps by 29 billion dollars.<sup>10</sup> If revenues are decreased as a result of the current recession, this figure could increase, making ten percent of the FY 92 Defense Budget susceptible to sequestration. Moreover, in accordance with the Budget Enforcement Act, caps for specific categories disappear in 1994 and 1995 and are replaced with a single cap on all discretionary spending. This is a stringent cap, forcing budget authority and outlays to fall below 1993's dollar levels. This will serve to force defense and domestic programs to compete directly for limited resources.<sup>11</sup> The projected cuts could not be absorbed by the Defense Department in an orderly fashion without

appropriating less than the cap permits in 1993.<sup>12</sup> With the decreasing global threat and sluggish growth in the private sector, it is not hard to discern where the axe will fall. Certainly, cuts in defense are warranted. The question is, how deep?

Foreign aid is a key factor in ensuring access to foreign markets, energy, and mineral resources. As a result of our fiscal inability to assist in a major way in the development of the Central European region, these markets will be developed by the European Community, particularly Germany. American companies may lose access to these markets and adversely impact a stated vital interest of the United States.<sup>13</sup>

Hemispheric relationships are also severely affected by the inability of the U.S. to provide financial assistance. We should be vigorously assisting the burgeoning democracies of Latin America and the Caribbean Basin. But, our support for these countries on our doorstep is nowhere near the levels required to ensure their economic growth.

Writing on foreign aid to developing nations of the Third World and Central Europe, S.J. Deitchman states:

"As presence goes with aid, the U.S. presence and its influence over world politics will decline, and that of Japan (and other donors of economic assistance) will become more prominent... A weakening of presence and economic input must surely presage a lesser ability to create or sustain a strong position in those areas if that should be needed to insure our national security. And given our own new position as a large

debtor state, we are not in a position to change the situation in the near future."<sup>14</sup>

It is important to bring up several additional points. First, each succeeding prognosticator, whether it be the Administration's Office of Management and Budget (OMB) or the Congressional Budget Office (CBO) overestimates revenues and underestimates expenses, thereby consistently underestimating the deficit. The CBO underestimated the FY 92 deficit by a factor of approximately 16 percent (\$58 billion) between 30 January 1991 and 15 August 1991.<sup>15</sup> The August 1991 Budget Update assumes a recovery from the recession beginning in the second quarter of FY 91 (January - February, 1991), which did not happen according to currently available economic indicators-- thereby lessening federal tax revenues. Current Administration and Congressional oversight bodies seem inadequate to the task of bringing the budget under control.

The federal deficit is mounting and is seemingly beyond the control of our political leadership.<sup>16</sup> To quote Alexander Hamilton, the father of American finance: the establishment of the national credit on a firm basis is essential,

"as long as nations in general continue to use (debt) as a resource in war. It is impossible for a country to contend, on equal terms, or to be secure against the enterprises of other nations, without being able equally with them to avail itself of this important resource... (One) cannot but conclude that war, without credit, would be more than a great calamity-- it would be

ruin."<sup>17</sup>

In an essentially peacetime environment, the country has run up a colossal debt to pay for the federal deficit. In the event of a war requiring deficit financing such as World War II, could we now finance such a campaign? A national military objective as stated in the Chairman's 1992 National Military Strategy is the ability to handle a major regional contingency with adequate reserves to face a second.<sup>18</sup> One wonders if we could finance such an eventuality. Our current *laissez faire* attitude toward the federal deficit severely limits our national options and risks denying us the credit that Alexander Hamilton deemed indispensable to national survival almost 200 years ago.

#### ENERGY INDEPENDENCE AS A NATIONAL SECURITY ISSUE

As an industrialized nation, we must ensure continued access to natural resources. Access to natural resources is included as a vital interest in the U.S. National Security Strategy.<sup>19</sup> The most obvious of these resources is oil. America's inability to come to grips with its energy requirements has been a problem since the end of World War II. This lack of an effective energy policy is closely intertwined with the internal economic well-being of the country and has strong security ramifications.

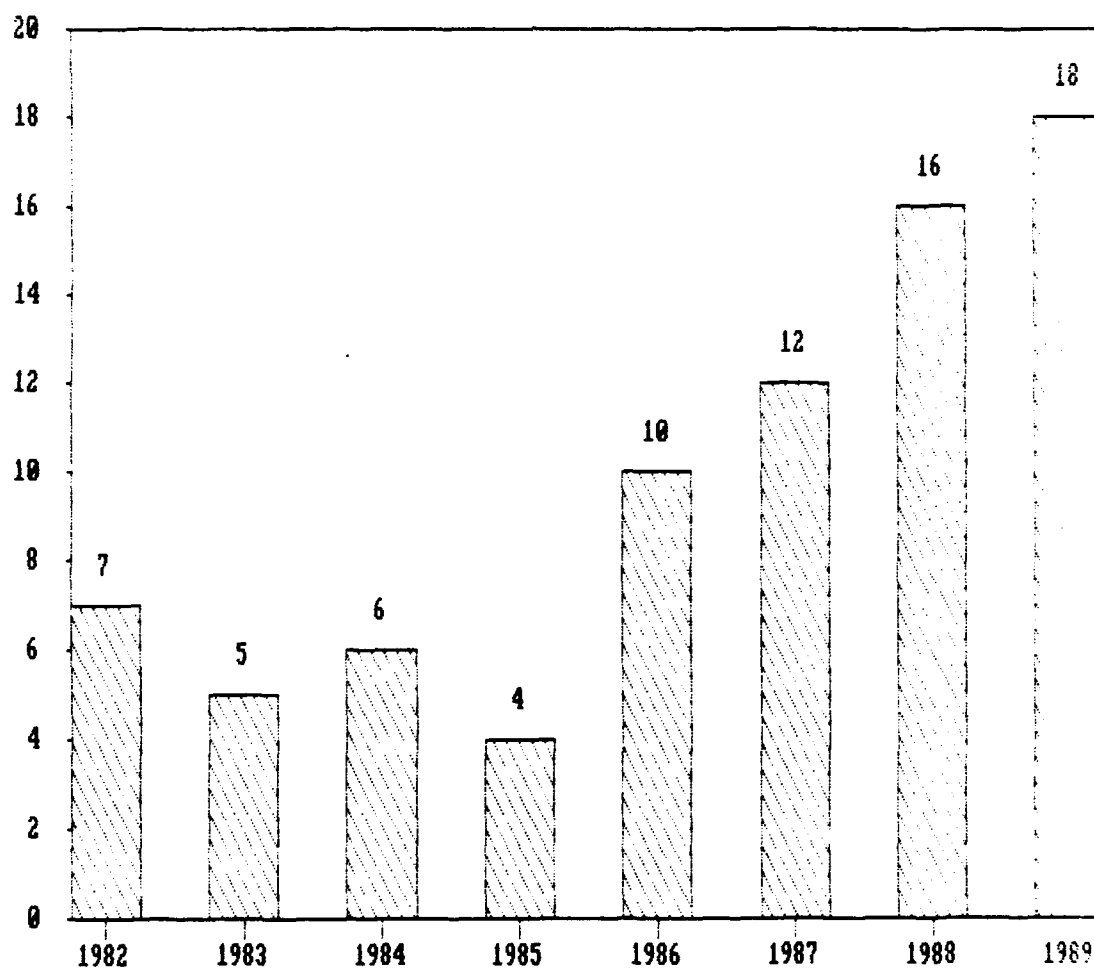
Although policy makers can act in times of crisis to regulate supply, demand and prices; it is very difficult to maintain a constant, forward-looking energy policy during peacetime. Historical examples of the use of supply, demand and pricing policies

may be drawn as a result of the Arab/OPEC Oil embargo of 1973 and subsequent energy crises to the United States and her European Allies.<sup>20</sup> Measures taken in response to these crises helped to decrease the total control of the oil market by the OPEC countries. Unfortunately, in the long run, free market forces have acted to increase the United States' dependence on the cheaper Middle East oil. The results of this dependence were clearly illustrated during the recent Persian Gulf War.<sup>21</sup>

According to a study recently released by the U.S. Army Strategic Studies Institute, 41 percent of the U.S.'s total energy supply is from oil. Imports of oil also comprised 40 percent of the U.S. trade deficit in 1989. Due to the economic costs involved, domestic oil production is falling at a rate of 6 percent per year.<sup>22</sup> Recent statements from oil company executives predict a further 15 percent decrease in refining capability over the next five to ten years as clean air sanctions, environmental restrictions, and increased costs come into effect.<sup>23</sup> As a result, the U.S. will become even more dependent upon foreign oil supplies.

Current figures quoted by the Energy Information Administration, show that 63 percent of the world's proven oil reserves are in the Persian Gulf. The U.S., which had previously not been heavily dependent upon Gulf oil has significantly increased its use of these relatively cheap sources steadily since 1985. (See accompanying table.) Our major trading partners, Western Europe and Japan are already heavily dependent on Gulf oil for their oil needs.<sup>24</sup> Because

## U.S. IMPORTS FROM THE PERSIAN GULF



100,000 BBL PER DAY

TABLE 1  
SOURCE: U.S. ENERGY INFORMATION ADMINISTRATION



of the interdependence of our economies, we are extremely vulnerable to fluctuations in the price and/or availability of oil, in particular from the politically unpredictable Middle East.

Because of this dependency, we remain heavily involved with the World's most turbulent region. We have been involved in numerous crises in the region as a result of this involvement. Starting with the 1956 Invasion of the Suez, the fall of the Shah of Iran, the Soviet invasion of Afghanistan, unrest in Lebanon, the reflagging of Kuwaiti tankers and the defense and liberation of Kuwait, the U.S.'s Middle East policy has consumed a fortune in resources and the lives of hundreds of American soldiers.

Steps have been taken, unilaterally and bilaterally, to bring peace to the region. The U.S. has worked hard to offset the effects of a future oil shortage through strategic stockpiling and international agreements to "share the pain" with our allies. These actions, although laudable in concept and execution, still only work at the symptoms of a bigger problem. That problem is that as a nation, we refuse to come to grips with our overdependence on oil.

#### THE GLOBAL ENVIRONMENT AS A NATIONAL SECURITY ISSUE

There has been much debate about the national security aspects of the environment. Environmental concerns have come much more to the nation's attention in the recent past for three reasons. First, the downfall of the Soviet Union has given room for debate about other, non-military concerns. Environmental damage in the former communist countries has been extensive and has served to highlight the effects of wanton environmental policies. Second, long term droughts in the

western United States and the Sahelian Region of Africa have brought the media spotlight to the prospect of global warming.

A third, and perhaps the most cogent reason is the discovery that the global ecosphere is not as resilient as once imagined. The recent discovery of the depletion of the Antarctic's Stratospheric Ozone Layer showed that we have already done severe damage to our atmosphere. It has happened far faster than previously imagined possible.<sup>25</sup> Ocean sediment and polar ice samples taken in the late 1980's show that, according to a noted geochemist Wallace Broecker,

"(The) Earth's climate does not respond to forcing in a smooth and gradual way. Rather, it responds in sharp jumps which involve large-scale reorganization of Earth's system.... We must consider the possibility that the main responses of the system to our provocation of the atmosphere will come in jumps whose timing and magnitude are unpredictable." <sup>26</sup>

The resultant effects to this point seem to be limited to increased incidence of skin cancer. The effects of greenhouse warming could occur in our lifetime and have devastating consequences on coastal areas, available arable lands, and water supplies.

The major problems of the global environment are:

- A. Greenhouse warming of the atmosphere
- B. Acid rain
- C. Ozone depletion
- D. Deforestation of the tropical rain forest
- E. Degradation of arable lands: desertification, salination and

loss to urbanization

F. Overuse and pollution of the Earth's water supply

These are global problems. Each carries the seeds of conflict, destabilization, and some degree of threat to the national security interests of the United States. The threats from environmental degradation span the continuum from survival to peripheral interests. Lack of action may lead to the following types of global problems: decrease in agricultural productivity, economic decline, population migration, and breakdown of social institutions.<sup>27</sup>

Decreases in agricultural productivity will have a great effect on the Third World. Reduced harvests will serve to exacerbate tension between the Northern and Southern hemispheres. Due to urban encroachment, desertification, soil salination (the result of inappropriate, inorganic fertilization), and other causes, developing nations will experience a decline of approximately 39 percent per capita of arable lands through 2025.<sup>28</sup> According to the geographer, Vaclav Smil, the planet will lose 100 million hectares of arable land by 2000.<sup>29</sup> Coupled with current food distribution imbalances, increased shortages are inevitable.

According to experts, the displacement of large population groups is a primary cause of conflict.<sup>30</sup> Because of the social and political pressures exerted on humans however, it is difficult to directly trace population migrations to ecological causes. Dr. Jodi L. Jacobson delivers a good case for environmental refugees in a paper entitled "Environmental Refugees: A Yardstick of Habitability."<sup>31</sup> As a result of ecologically caused agricultural

shortages, we have seen population migration of millions occurring between Bangladesh and India in the last three decades. This is the result of flooding and the subsequent loss of agricultural lands in the Ganges and Brahmaputra River Deltas.<sup>32</sup> In our own hemisphere, the migration from El Salvador to Honduras because of agricultural land stress was a primary cause of the 1969 "Soccer War" between those countries.<sup>33</sup>

Because so much of the Earth's population is dependant upon agriculture and natural resources, it is not difficult to ascertain the economic aspects of ecologically induced shortages. This is probably the most important aspect of the environmental problem, as it contributes to conflict between the "haves and the have nots." The hardest environmental effect to judge is the impact on the social structures of affected regions. It seems intuitive that subsistence farmers displaced by degradation of arable land would migrate to the city to find labor. Mass migrations of people from farms to the city could easily shift ethnic power bases and alter other socio-political structures.<sup>34</sup> Countries that were once able to feed themselves may become food importers.

Ecological problems worsen and become more compelling to the policy maker and his constituency than before. First, we are faced with a multitude of interrelated scarcities and depletions. Water distribution, pollution, agricultural degradation, global warming, and overfishing exert synergistic, inimical effects upon the Earth. These changes are occurring at an accelerated pace, leaving little time to adapt socially or technologically to the challenge. With tremendous population growth, particularly in the lesser developed

countries, we are consuming limited resources at a much faster rate than ever before. The shortages of resources are becoming critical.

As environmentally-induced shortages increase, wealth production in developing countries decreases. This decrease in wealth production relative to worker input causes a gap in perceived achievement, referred to as relative deprivation. Relative deprivation is also a primary cause of conflict according to some theorists.<sup>35</sup>

These environmental concerns are threats to American national interests. Scarcities of water, seafood (the critical source of protein for most of the littorals of the Earth), and usable agricultural lands may cause groups to attempt to forcibly appropriate their subsistence requirements from others. In combination with population migrations from areas of relative need, these factors may well set the stage for conflict, thus disrupting our pursuit of a new world order under the rule of law.

#### THE CHALLENGES OF DOMESTIC POLICY IN A DEMOCRACY

Three of the major domestic problems related to national security have been discussed: debt, oil dependence and the environment. An attempt has been made to show why each is a credible threat to national security. There are unique problems associated with each of the domestic issues which make them difficult to deal with individually at the national policy level.

There are also facts of life in a democracy which make finding solutions to domestic issues difficult, in general. Some of the major factors in America today are: the need to build consensus,

political disunity, the federal budget deficit, lack of long term perspective and the structure of the national security policy making apparatus. Each of these issues must be dealt with in formulating a long term solution to the domestic policy problem.

A. Consensus. Lack of a sense of urgency and the subsequent inability to build consensus are probably the major obstacles in successfully addressing these domestic national security interests. The people and the government are the key players in building consensus in support of the national security strategy. Political consensus must be achieved for success in national security policy. Negative factors in consensus building result from many causes.

Although it cannot be said that Americans are not conscious of the vast federal deficit, there is ambiguity as to how important the deficit really is. Noted economists consistently agree that some deficit spending, particularly to spur GNP growth is appropriate.<sup>36</sup> However, the percentage of debt to GNP has now risen to almost seven percent. No one country has ever amassed such a colossal amount of public debt as our government has to pay for this deficit spending binge. The sheer size of the American economy is so large that it dominates the rest of the world. No one has been able to unequivocally state what the results of this huge debt can be, not only for our own economic well-being, but also for the global economy.

In the area of energy policy, the glut of oil produced following the Gulf War, by cash-hungry producers (OPEC and non-OPEC) has caused fuel prices to descend to the lowest levels since the 1979 Iran crisis. Since gas prices are so low and oil is so plentiful, the

American people seem to have been lulled into a false sense of complacency with respect to energy policy. Therefore, there is little consensus to act decisively with respect to the domestic energy problem.

This lack of consensus among the American electorate also surfaces in the environmental area. It is extremely hard to make a case for the seriousness of the global environmental crisis, because its effects are not visible to the vast majority of Americans. Coupled with American agriculture's annual miracle, the truly dangerous environmental issues of global warming, ozone depletion, destruction of the rain forests, and water shortages are hidden.

Militant environmentalism has turned off many Americans about environmental issues. Some of the environmentalist lobby's biggest victories, such as the virtual halting of nuclear power plant construction in America, may turn out to have been the biggest detractors to their cause.<sup>37</sup> Environmental causes must be linked to global economic good, rather than simply for the sake of having untrammelled wilderness.

B. Political Disunity. The Congress of the United States reflects the political disunity and inability to solve domestic problems before they reach the crisis stage. According to Joseph Nye, our democracy is very inefficient in converting resources to power.

"The U.S. political system promotes freedom at the expense of efficiency. In the current information based economy, which requires timely response to new information, American inefficiencies in power conversion may become overly

The American democratic system was instituted by an 18th Century group of citizens with fear of strong, central government. The system of checks and balances inherent in our system is an invitation to struggle and has become a potent force for stymieing action on important domestic issues. The apparent disorganization and lack of bipartisanship in the Congress are reflected in the lack of a domestic agenda.

The breakdown of the seniority system and party discipline have weakened Congress' ability to handle domestic issues. Because of this breakdown, power has shifted from the traditional party leadership and committee structures to individuals with expertise and/or constituencies in the proposed legislation. An even greater impact has been made on the committee process by a demonstrated unwillingness to take responsibility by Congressional leaders.<sup>39</sup> The deficit problem has served to heighten the importance of the appropriation committees which hold the purse strings at the expense of the other committees, further weakening the committee process.<sup>40</sup>

C. The Federal Budget Deficit. The deficit itself has been a key factor in the inaction on a domestic agenda as it pertains to national security. Debate in each area of domestic policy has been heightened by the added question of where to cut expenditures in order to pay for these domestic programs. The U.S. is the richest, yet most lightly taxed country of the Organization for Economic Cooperation and Development (OECD). This seems to indicate that the deficit problem is as much political as it is economic.<sup>41</sup>



D. Long Term Perspective. The American government rarely takes a long term view of policy, either foreign or domestic. This can be attributed to the short term results necessitated by the biennial election process in the Congress. It is also attributable to the high number and the low level to which patronage appointments are made by the executive branch. These appointees have varying levels of expertise in their positions and in many cases serve less than two years. The effects of this system are very disruptive on domestic policy making and execution.

E. The Role of Conservatism. While this administration has been almost universally applauded for cool, expert handling of international affairs and crises, they have been almost as universally criticized for their lack of a long term strategy.<sup>42</sup> The problem is exacerbated by the conservative *laissez faire* attitude with respect to the economy. This is reflected directly in the administration's seeming unwillingness to formulate meaningful, long term, fiscal direction, energy and environmental policy.

#### THE NATIONAL SECURITY INSTITUTIONAL STRUCTURE

Another key to the poor integration of domestic issues into the National Security Strategy of the U.S. is the structure of the National Security Council (NSC) and the Council's staff. The National Security Council was not formed to deal with America's then robust domestic economy. Originally formed by the National Security Act of 1947, the council's function was:

"...to advise the President with respect to the integration of

domestic, foreign, and military policies relating to the national security so as to enable the military services and the other departments and agencies of the government to cooperate more effectively in matters involving national security."<sup>43</sup> (emphasis added)

From the very beginning, there existed an unequal weighting of the three elements of national power. The preeminent leg was the military. That fact has shown up repeatedly, from the build-up for the Cold War, right up to Operation Desert Storm.

Since the enactment of the National Security Act of 1947, each succeeding President has reorganized and/or used the Council and its professional staff as he has seen fit. The NSC and its professional staff have only the power afforded them by the President.<sup>44</sup> Most recently, President Bush has shown great confidence and rapport with the members of the Council.<sup>45</sup> The trio of National Security Advisor, Brent Scowcroft, Secretary of State James Baker and Secretary of Defense Richard Cheney all work well together, with Brent Scowcroft serving as the honest broker. He ensures that each department's views are equally represented to the President. This honest brokerage has not always been the case. In previous administrations, feuds have occurred between the cabinet departments and the NSC, again causing difficulties in the integration of key issues of national security policy.<sup>46</sup>

The current NSC organization calls for a three-tiered decision making process. The domestic departments at best, have their views spottily presented at the Presidential decision level, as they are

not statutory members. Access to the President is the primary "coin of the realm" at that level. Indeed, the President's primary advisor on domestic affairs until recently was White House Chief of Staff, John Sununu.

A corresponding shortcoming with the structure of the NSC and staff is the policy supervision role of the Council. It is estimated that the administration spends 80 percent of its time formulating policy and 20 percent supervising the execution. These roles are reversed in high performing organizations. Mr. Scowcroft himself says that "policy implementation is the poor stepchild of the whole governmental process." It is not uncommon for key Presidential decisions in the area of national security and specifically domestic issues, to fail to be carried out.<sup>47</sup>

President Eisenhower recognized this when he created as an adjunct to the NSC, an Operations Coordinating Group that was to follow up on execution of Presidential decisions. Concurrently, Eisenhower included the Secretary of the Treasury and the Budget Director to the meetings of the NSC.<sup>48</sup>

The actions of President Eisenhower with respect to the council serve to bring to light the natural tension between the primarily externally oriented diplomatic and military elements of national power and the more domestically oriented economic elements. Mr. Eisenhower enunciated this competition most clearly. He said:

"Every gun that is made, every warship launched, every rocket fired signifies, in the final sense, a theft from those who hunger and are not fed, those who are cold and are not clothed.

The cost of one modern heavy bomber is this: a modern brick school in more than thirty cities. It is two electric power plants, each serving a town of 60,000 population. It is two fine, fully equipped hospitals. It is some fifty miles of concrete highway. We pay for a single fighter plane with a half million bushels of wheat. We pay for a single destroyer with new homes that could have housed more than 8,000 people."<sup>49</sup>

Because of this resource competition between these aspects of national security, domestic concerns seem to conflict with the more traditional national security goals. In fact, however, a country cannot have a strong military or diplomatic system without the economic wherewithal to support it.

### RECOMMENDATIONS

The following actions may be required to improve this nation's ability to channel its resources more efficiently toward the elements of national power in the securing of national interests.

Structurally, the national security process needs to be looked at closely in the light of the decreased military threat to the U.S. The National Security Act of 1947 and its subsequent revisions were principally directed toward the survival of the country and its foreign allies. The nation's security was viewed primarily through the military aspects of the Cold War prism. Therefore, the current structure is inherently inadequate to deal with the new challenges of the post Cold War period. All three elements of national power, i.e., economic, military and political must be given equal voice in

national security strategy formulation. Treasury, the Director of the Budget, and other key domestic policy leaders need regular access to the President in a formalized manner. The interagency process needs to be streamlined and given teeth.

These recommendations could possibly be served best by the creation of a new organization, coequal with the National Security Council. This entity could be called the National Economic Security Council. Included in this organization would be the functions of the Council of Economic Advisors, the Domestic Policy Council, the Director of the Budget and some of the current members of the NSC professional staff. The staff of the Council would oversee interagency groups with high level representation from the departments of Commerce, Treasury, Health and Human Services, Transportation, Education, Interior and Energy.

Under this system, the President would appoint a Special Assistant for National Economic Security Affairs. This individual would supervise the pursuit of national interests as they related to domestic economic affairs. Functional areas under this entity would include:

A. National Economic Security Strategy. This strategy would be published annually and address broad ranging issues such as fiscal and monetary policy, trade policy, energy policy, the environment (as it relates to economic growth) labor and industrial policy. This strategy would also include strictly defense related areas such as reconstitution, the defense industrial base, and the economic effects of the defense program.

B. Senior Interagency Groups. High level members of each of the

domestic departments would meet in these fora to pinpoint responsibility in affairs which cross interagency lines. These groups would coordinate the administration's approach to various domestic problems within each department's area of expertise. These groups would be chaired at the highest level by the President's Economic Security Advisor and would be supported by working groups at the deputy secretary level, the recommendations from whom would be taken to the President through the Economic Security Advisor. The interagency groups would help to provide much needed long term focus and would be responsible to follow up on Presidential decisions.

C. Legislative Liaison. A close rapport with the Congress is essential for the success of any domestic program. Political considerations aside, once a course has been set, it would be the mission of this office to ensure the Administration's domestic agenda is pushed through the Congress and that bills surfacing in both houses would be supportive of United States' national interests, as stated in the National Economic Strategy and the National Security Strategy of the United States.

D. Media Affairs. The Media Affairs Office would be responsible to educate and inform the American public on such issues as the budget and its effects on the economy, the environment, trade policy and ramifications, economic performance and long term economic growth strategy.

E. Domestic Affairs Office. This agency would surface issues and coordinate the agendas of the interagency groups in each of the domestic policy areas including energy, the environment, health, education, transportation, commerce, labor, and interior.

F. Office of Management and Budget. OMB would continue to operate as it currently does, with a closer link to national security affairs through the National Economic Security Council.

G. Environmental Security office. This office would establish environmental policy for the country and would coordinate global and regional environmental affairs which impact on the nation.

This is only the barest of outlines as to how this new entity might be formed. In reality, there are several keys to this agency's ultimate success or failure:

1. The President must be the focal point of domestic economic affairs.

2. The National Economic Security Council must have access to the President or it should not be created.

3. Members of the Council or the National Economic Security Advisor himself should chair all meetings of the interagency groups and council meetings.

4. At the beginning of each new Administration, the President should outline, in writing, the projected charter for the NESC during his administration, as all power to the Council would come from the President himself.

#### A FEW IMMEDIATE AGENDA ITEMS FOR THE NESC

As a nation we may have reached a crisis point with the federal budget deficit. The total debt accumulated by the Federal Government is approximately three trillion dollars. This amount is roughly equivalent to our total annual GNP. If nothing else, this demonstrated inability to make hard fiscal decisions "crowds out"

private investment by placing the government into direct competition with the private sector in the capital markets. Moreover, it robs Americans of a sense of control over our own affairs and may have impact on our sovereignty. The deficit needs to be brought under control.

Domestic energy policy is a complex and difficult issue. Much is at stake, including continued economic growth, the transportation industry, the environment, and independence from foreign sources, not to mention national security. But these are all areas which are worthy of action. A comprehensive energy policy would go a long way toward fixing many deep rooted American problems, including trade and federal deficits.

Although domestic environmental legislation is important, an equally cogent issue is cooperation in interregional and international ecological protection. Innovative ways must be found that allow the lesser developed countries of the world to reach their full productive capacity without destroying their natural wealth and the global habitat in which we all reside. The recently established program of debt forgiveness for rain forest protection in South America is an example of this. Until industry understands the long term economic advantage of clean water, air, and power we will have little meaningful environmental legislation, short of crisis.

#### CONCLUSION

The continued deficit financing of our nation's requirements cannot continue unabated. Our continued dependence upon foreign oil will keep the country mired in a centuries old conflict with no end



in sight. Continued poor management of natural resources on a global scale is steadily setting up an ecological disaster, the extent of which we can only guess at.

The nation's current national security structure was created to counter a threat which no longer exists. Furthermore, along with the defeat of Soviet Communism, other threats to our national interests have risen which span the continuum of interests from peripheral to survival. The current threats in the environment, the national economy and in energy policy are not responsive to the traditional tools of national power used during the cold war against an external threat. These threats pose a more subtle, but equally inimical challenge to American hegemony. If we are to fulfill the vision of the United States at the center of a new world order, we must counter these domestic threats with innovation and renewed vigor. It would be sinful to squander the fruits of victory in the Cold War because of our inability to control our own internal economic destiny.



## ENDNOTES

<sup>1</sup>Some institutions subscribe to a fourth, psychological, element of national power, however for the purposes of this paper, the psychological element of power is subsumed under the political element as these three are described by Donald E. Nuechterlein, America Overcommitted: United States National Interests in the 1980's (Lexington, KY: The University Press of Kentucky, 1985), 31-53.

<sup>2</sup>The predominately military and political concepts for the containment of Soviet Communist expansion are described by the National Security Council, "NSC 68, A Report to the National Security Council," Naval War College Review 6 (May/June 1975): 52-53.

<sup>3</sup>John L. Gaddis, "Toward the Post Cold War World," Foreign Affairs 70 (Spring 1991): 102-122.

<sup>4</sup>Charles Krauthammer, "The Unipolar Moment" Foreign Affairs 70 (Winter 1990/91): 27,28.

<sup>5</sup>According to S.J. Deitchman, there is approximately "a GNP's worth" of U.S. debt floating outside the borders of the country. Much of this has been lent to Lesser Developed Countries (LDC's) and to the new democracies of Central Europe. See: Seymour J. Deitchman, Beyond the Thaw: A New National Security Strategy (Boulder, CO: Westview Press, 1991), 61.

<sup>6</sup>Joseph S. Nye, Bound to Lead: The Changing Nature of American Power (United States of America: Basic Books, 1990), 251.

<sup>7</sup>The White House, National Security Strategy of the United States Washington, D.C.: United States Government Printing Office: 1991), 3.

<sup>8</sup>In his book, Friedman asserts that the huge federal deficit is the primary cause for net disinvestment in the American economy. As a result of this relatively low level of investment, economic recovery will be slowed in the next decade as the federal government borrows the capital needed to pay for the huge deficits currently being amassed. See: Benjamin M. Friedman, Day of Reckoning (New York: Random House, 1988), 28.

<sup>9</sup>National Security Strategy of the United States, 3.

<sup>10</sup>Congressional Budget Office, The Economic and Budget Outlook: An Update (Washington, D.C.: August 1991), xx.

<sup>11</sup>Ibid., 57.

<sup>12</sup>Ibid., 59.

<sup>13</sup>National Security Strategy of the United States, 3.

<sup>14</sup>Deitchman, 62.

<sup>15</sup>Congressional Budget Office, 82.

<sup>16</sup>Nye, 220-222.

<sup>17</sup>Edward M. Earle, "Adam Smith, Alexander Hamilton, Friedrich List: The Economic Foundations of Military Power," Makers of Modern Strategy (Princeton, NJ: Princeton University Press, 1986), 237.

<sup>18</sup>The Chairman broaches the possibility of an aggressor taking advantage of the U.S. being occupied with a regional contingency in: The Chairman of the Joint Chiefs of Staff, The National Military Strategy 1992 (Washington, D.C., 1992), 7.

<sup>19</sup>National Security Strategy of the United States, 3.

<sup>20</sup>In response to American support of the Israelis during the Yom

Kippur War in 1973, certain Organization of Petroleum Exporting Countries (OPEC) unilaterally raised the price of crude oil from three to five dollars a barrel. This caused an immediate shock wave and a subsequent economic recession in Europe and the United States. The United States took several actions to counter the effects of the embargo. A cabinet level Department of Energy (DOE) was created to manage the supply and demand of these resources. A strategic oil reserve was begun. Billions of dollars were pumped into research to find alternate sources and develop them in the following decade. In 1979, following the Iranian Revolution, more measures were taken to lessen our dependence on foreign oil. These steps included agreements to "share the pain" with our steadfast allies, conservation measures, energy tax credits and mandatory mile per gallon standards for automobiles. See: Ethan B. Kapstein, The Political Economy of National Security (New York: MacGraw Hill, 1992), 185-187.

<sup>21</sup>After Iraq invaded Kuwait, the government of Saddam Hussein effectively controlled 20 percent of the World's proven oil reserves and 8 percent of its current production. President Bush called for an embargo on oil from Iraq and the occupied area. The result was a sudden 50 percent increase in the price of crude oil, prompting fears of a new oil crisis and a slowdown in industrial growth. This price increase was acted upon by the Bush Administration in the areas of supply, demand and price regulation. The Saudis, particularly, and other oil producing nations were influenced to increase their production. Americans were asked to conserve and consumption was lessened. Finally, the President used moral persuasion, enjoining the oil companies not to increase prices commensurate with the increased cost of crude. The President did not make extensive use of the Strategic Petroleum Reserve for fear of not having the fuel available in the event of a protracted conflict. Ibid., 187.

<sup>22</sup>Kent H. Butts, LTC, PhD., Reducing Oil Vulnerability (Carlisle Barracks, PA: U.S. Army War College Strategic Studies Institute, 1991), 1.

<sup>23</sup>Caleb Solomon, "U.S. Oil Refiners May Cut Capacity by as Much as 15%," The Wall Street Journal, (January 21, 1992), B3.

<sup>24</sup>Deitchman, 62.

<sup>25</sup>Thomas F. Homer-Dixon, "On the Threshold," International Security 16 (Fall, 1991): 79.

<sup>26</sup>Wallace Broecker, "Unpleasant Surprises in the Greenhouse?" Nature 328 (July 9, 1987): 123-126.

<sup>27</sup>Homer-Dixon, 91-98.

<sup>28</sup>Ibid., 93.

<sup>29</sup>Ibid., 93.

<sup>30</sup>Ibid., 94.

<sup>31</sup>Ibid., 82.

<sup>32</sup>Jodi L. Jacobson, Environmental Refugees: A Yardstick of Habitability (Washington, D.C.: Worldwatch Institute, 1988) 46, 47.

<sup>33</sup>Homer-Dixon, 97.

<sup>34</sup>Ibid., 82.

<sup>35</sup>Ibid., 97, 98.

<sup>36</sup>Joseph White and Aaron Wildavsky, "How to Fix the Deficit-- Really," Public Interest 94 (Winter, 1989): 3-24.

<sup>37</sup>Butts, 5.

<sup>38</sup>Joseph S. Nye, Bound To Lead: the Changing Nature of American Power (United States of America: Basic Books), 199.

<sup>39</sup>The unwillingness of our elected representatives to be held accountable has taken many of the key domestic issues behind closed doors and out of the public scrutiny. See Richard E. Cohen, "Crumbling Committees," National Journal 22 (August 4, 1990): 1877.

<sup>40</sup>Ibid., 26.

<sup>41</sup>Nye, 218.

<sup>42</sup>Kevin V. Mulcahy, "The Bush Administration and National Security Policymaking: A Preliminary Assessment," International Journal of Intelligence and Counterintelligence 2 (Summer, 1990): 95.

<sup>43</sup>Christopher C. Shoemaker, Structure, Function and the NSC Staff: An Officer's Guide to the National Security Council (Carlisle Barracks, PA: U.S. Army Strategic Studies Institute, 1989), 10.

<sup>44</sup>Ibid., 11.

<sup>45</sup>Mulcahy, 169.

<sup>46</sup>An outstanding example and explanation of the proclivity for poor relations between the President's National Security Advisor and the State Department appears in Henry Kissinger's book: Years of Upheaval (Boston, MA: Little, Brown & Company, 1982) 434-437.

<sup>47</sup>Shoemaker, 38.

<sup>48</sup>Douglas Kinnard, "Civil-Military Relations: the President and the General," American Strategy in the Nuclear Age (New York: MacMillan, 1966), 202.

<sup>49</sup>Dwight D. Eisenhower. Taken from his address to the American Society of Newspaper Editors, April 16, 1953, Washington, D.C. Respectfully Quoted: A Dictionary of Quotations Requested from the Congressional Research Service (Washington, D.C.: U.S. Government Printing Office, 1989), 81.



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